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FM AMCONSUL JERUSALEM
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INFO ARAB ISRAELI COLLECTIVE
RHEHNSC/NSC WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUEHBS/USEU BRUSSELS

C O N F I D E N T I A L JERUSALEM 001094

SIPDIS

SIPDIS

NEA FOR FRONT OFFICE; NEA/IPA FOR
WILLIAMS/SHAMPAIN/BELGRADE; NSC FOR ABRAMS/WATERS;
TREASURY FOR SZUBIN/LOEFFLER/NUGENT/HIRSON

E.O. 12958: DECL: 06/07/2017
TAGS: [ECON](#) [ETRD](#) [ECPS](#) [KWBG](#) [IS](#)
SUBJECT: PA PRESIDENTIAL ECONOMIC ADVISOR DISCUSSES CELL
PHONE FREQUENCIES, ECONOMIC PLANS AND TALKS WITH ISRAELIS

CLASSIFIED BY: CONSUL GENERAL JAKE WALLS, REASONS 1.4 (B) AND (D).

11. (C) SUMMARY: PA PRESIDENTIAL ECONOMIC ADVISOR MUSTAFA IS
CONFIDENT THAT THE ISRAELI GOVERNMENT WILL ALLOCATE THE
NECESSARY FREQUENCIES FOR A SECOND PROVIDER OF MOBILE PHONE
SERVICE IN THE WEST BANK AND GAZA. HE IS ALSO FULLY
CONVINCED THAT A CHANGE IN LEADERSHIP IS NEEDED AT THE
GENERAL ADMINISTRATION OF CROSSINGS AND BORDERS (GACB), BUT
SEES DIFFICULTIES IN SECURING QUALIFIED AND FULLY-ENGAGED
CANDIDATES. MUSTAFA SAID THAT PALESTINIANS CONTINUE TO HAVE
ECONOMIC DISCUSSIONS WITH THE GOI MOD. END SUMMARY.

ALLOCATION OF FREQUENCIES

12. (C) PA PRESIDENTIAL ECONOMIC ADVISOR MOHAMMED MUSTAFA
TOLD ECONOFFS MAY 30 THAT HE IS CONFIDENT THAT THE ISRAELI
GOVERNMENT WILL ALLOCATE FREQUENCIES TO THE SECOND CELLULAR
PHONE SERVICE OPERATOR WATANIYA TELECOM. (NOTE: THE PA
AWARDED WATANIYA A CELLULAR OPERATING LICENSE IN SEPTEMBER
12006. PALESTINE CELLULAR COMMUNICATIONS LTD. (JAWWAL) HAS
BEEN THE SOLE PROVIDER OF CELLULAR PHONE SERVICE IN THE WEST
BANK AND GAZA SINCE 1999. END NOTE.) HE EXPLAINED THAT
PRESIDENT ABBAS AND ISRAELI PM OLMERT HAD A DISCUSSED THE
MATTER AT THEIR APRIL 15 MEETING AND OLMERT REPORTEDLY
PROMISED TO DO HIS BEST. MUSTAFA ALLEGED THAT JAWWAL HAS
BEEN LOBBYING THE GOI NOT TO GRANT THE FREQUENCIES TO
WATANIYA. (COMMENT: MUSTAFA HAS PREVIOUSLY NOTED TO
ECONOFFS THAT REVENUE DUE TO THE PA FROM THE SECOND CELLULAR
LICENSE WOULD BE HANDLED IN A TRANSPARENT MANNER TAKING INTO
ACCOUNT U.S. AND EUROPEAN RESTRICTIONS REGARDING TRANSACTIONS
WITH THE PA. WE WILL CONTINUE TO CLOSELY MONITOR THE
DEVELOPMENT OF SUCH A MECHANISM. END COMMENT.)

GACB CHANGES

13. (C) MUSTAFA SAID THAT HE IS "FULLY CONVINCED" OF THE NEED
TO REPLACE THE LEADERSHIP AT THE GENERAL ADMINISTRATION OF
CROSSINGS AND BORDERS (GACB) AND PRESIDENT ABBAS HAS ORDERED
THAT IT BE DONE. (NOTE: NEARLY ALL SENIOR PALESTINIANS
BELIEVE THAT GACB DIRECTOR GENERAL NAZMI MUHANNA IS CORRUPT
AND INCOMPETENT. END NOTE.) MUSTAFA OPINED THAT COMING UP
WITH A BOARD TO SUPERVISE THE GACB WILL BE FAIRLY EASY, BUT
HE EXPRESSED SOME CONCERN ABOUT A PROPENSITY TO RELY ON THE
SAME GROUP OF REPUTABLE PRIVATE SECTOR REPRESENTATIVES FOR
EVERY TASK. HE SAID THAT HE ENVISIONS THE NEW BOARD AS "A
FULL-TIME TEAM" ENGAGED IN HANDS-ON OVERSIGHT OF THE GACB,

UNLIKE THE CURRENT CROSSING STEERING COMMITTEE THAT ONLY MEETS OCCASIONALLY. SECURING A QUALIFIED MANAGER TO RUN THE GACB, HOWEVER, WILL BE AN EVEN GREATER CHALLENGE, ACCORDING TO MUSTAFA. HE SAID THAT NO CANDIDATES HAVE EMERGED AND THAT THEY MAY NEED TO PUBLICLY ADVERTISE THE POSITION. (COMMENT: A PALESTINIAN FROM THE DIASPORA MIGHT BE WELL-SUITED TO THE JOB IF S/HE HAD PREVIOUS CROSSINGS EXPERIENCE AND NO POLITICAL TIES, SIMILAR TO PMA GOVERNOR GEORGE ABED. END COMMENT.)

JEC MEETINGS NEEDED

14. (C) MUSTAFA, WHO WAS NAMED BY ABBAS TO HEAD THE PALESTINIAN SIDE OF THE JOINT ECONOMIC COMMITTEE (JEC), SAID THE ISRAELI GOVERNMENT HAS STILL NOT NAMED ITS MEMBERS. HE SAID PRESIDENT ABBAS WILL RAISE THE ISSUE AGAIN WITH PM OLMERT AT THEIR NEXT MEETING. MUSTAFA NOTED THAT TWO ECONOMIC-ORIENTED MEETINGS HAVE TAKEN PLACE BETWEEN PALESTINIANS AND THE ISRAELI MOD IN RECENT MONTHS, DURING WHICH SPECIFIC PROJECTS AND CURRENT ISSUES WERE DISCUSSED. HE SUGGESTED THAT THE JEC NEEDS TO BE REVIVED IN ORDER TO ADDRESS BROADER ECONOMIC ISSUES, SUCH AS ADHERENCE TO THE PARIS PROTOCOL, THE ECONOMIC IMPACT OF THE SECURITY BARRIER, ECONOMIC DEVELOPMENT AND TRADE IN EAST JERUSALEM AND GAZA, STATUS OF PORT AND AIRPORT PLANS FOR GAZA, AND ISSUES SUCH AS WATER AND ELECTRICITY.

ECONOMIC PLAN

15. (C) MUSTAFA ADVISED THAT HIS OFFICE IS DRAFTING A PAPER TO ORGANIZE ALL OF THE MYRIAD INITIATIVES AND PROJECTS PROPOSED BY PALESTINIANS AND DONORS IN ORDER TO HAVE A SINGLE

FRAMEWORK DOCUMENT FROM WHICH TO EVALUATE AND PRIORITIZE THE VARIOUS PROPOSALS. PURELY COMMERCIAL PROJECTS WOULD NOT BE INCLUDED, ONLY THOSE THAT HAVE A DONOR COMPONENT OR INVOLVE STRATEGIC PALESTINIAN INTERESTS, SUCH AS CROSSINGS. PRIVATE SECTOR REPRESENTATIVES AND INSTITUTIONS WOULD BE ASKED TO REVIEW AND COMMENT ON THE DRAFT, WHICH COULD BE READY AS EARLY AS NEXT WEEK, HE SAID. HE OFFERED TO SHARE THE DOCUMENT WITH THE CONGEN.

TARQUMIYA CROSSING: THE NEW KARNI/AL-MINTAR?

16. (C) MUSTAFA ADVISED THAT HE HAD RECENTLY VISITED HEBRON AND DISCUSSED OBSTACLES TO MOVEMENT AND ACCESS WITH THE LOCAL BUSINESS COMMUNITY THERE. HE SAID THAT HEBRON RESIDENTS ARE INCREASINGLY CONCERNED THAT THE OPENING OF A NEW TERMINAL AT THE TARQUMIYA CROSSING IN THE SOUTHERN WEST BANK WILL RESULT IN MORE RESTRICTIONS ON THE FLOW OF GOODS AND END PALESTINIAN SHIPMENTS OF GOODS OUT OF THE WEST BANK ON YELLOW-PLATED VEHICLES. MUSTAFA REPORTED THAT PALESTINIANS FEAR THAT TARQUMIYA WILL START TO RESEMBLE THE KARNI/AL-MINTAR CROSSING BETWEEN ISRAEL AND GAZA, WHERE SEVERE RESTRICTIONS ON THROUGHPUT HAVE STARVED INDUSTRIES OF RAW MATERIALS AND ALSO DENIED THEIR FINISHED PRODUCTS ACCESS TO REGIONAL AND EUROPEAN MARKETS.

WALLES